



State Board of Equalization

News Release

Vice Chair Michelle Steel

3rd District – Orange County

Cynthia Bridges
Executive Director
www.boe.ca.gov

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Contact: NR 48-14-S
Arie Dana
1-949-724-2578

Remember To Pay Your Use Tax When Filing Income Tax Returns! **Use Tax Helps Support Vital Community Services**

Sacramento – As the April 15 income tax filing deadline approaches, the California State Board of Equalization (BOE) reminds Californians they may owe use tax. The easiest way for consumers and businesses not registered with the BOE to pay use tax on out-of-state purchases is to report it on their state income tax forms. Filers are encouraged to ask their tax preparers, or refer to their tax preparation software, to determine whether they may owe use tax.

"Now that certain online retailers are required to collect California sales tax, it is especially important that taxpayers save their receipts and invoices to see if sales or use tax was collected at the time of sale," said BOE Vice Chair Michelle Steel. "Taxpayers should also look for other indications that there is no use tax obligation, or that it has been taken care of, for example a notation that an item was shipped from within the state, or an invoice or statement that California tax requirements have been met."

Use tax may be owed on items that will be used in California and were purchased without paying tax from an out-of-state retailer, whether online, via telephone or mail order. For example, California residents would owe use tax if they buy tangible personal property, such as consumer electronics, clothing, or small appliances for their use at home from an out-of-state retailer that did not charge tax. Use tax is not an "Internet tax," and has been California law since 1935.

In Fiscal Year 2012-13, use tax revenues paid using California income tax returns grew by 12 percent. Despite this increase, the [BOE estimates](#) approximately \$1 billion in use tax goes uncollected each year.

Ms. Steel reminds taxpayers to be careful not to overpay their use tax if they choose to use the [Use Tax Lookup Table](#) provided with their income tax returns. The lookup table calculates use tax liabilities based on adjusted gross income. However, "the amount of use tax owed is not a percentage of income, but of taxable purchases for which sales tax was not collected," said Steel. The best way to ensure that taxpayers do not overpay their use tax liabilities, is for them to save their receipts and review them to see if use tax might be owed. Taxpayers can then calculate the exact amount owed on their receipts and write it on the use tax line of their California State Income Tax return.

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Elected to the Board of Equalization in 2006 and re-elected in 2010, Michelle Steel serves as *Southern California's elected taxpayer advocate*. In December 2007, Steel discovered the Board of Equalization had delayed the return of millions of dollars in security deposits owed to California businesses. Procedures were changed due to Steel's decisive leadership. Following her investigation, the tax agency refunded tax security deposits to over 5,500 small businesses. To date, over \$100 million in security deposits have been returned to taxpayers.

The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects \$56 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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